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Security Information

15-1801
Subject
Insurance
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OGC Has Reviewed

29 August 1952

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Hospitalization and Surgical Insurance for CIA Personnel

1. This office offers no legal objection to the staff study on the above subject dated 27 August 1952. However, we should like to offer certain observations based on our participation in the general problem in the past.

2. Paragraph a, under DISCUSSION in the staff study points out that an internal insurance program, while ideal from a security point of view, would have certain disadvantages, including a requirement for a large capital reserve and the danger to such a reserve in the event of a disaster. It is recognized that present staff study cannot present a complete picture of the self-insurance program since there would be required considerable collection of statistics and analysis thereof, probably by a competent actuarial expert. It was our understanding that such efforts would be undertaken and that the recommended GHI program was not to preclude such study. The matter appears to require further study, in any event, in view of the fact that under the recommended program, covert employees and other sensitive non-employee types now covered under secure methods will not be given the opportunity to participate therein.

3. The opinion has been put forth that CIA employees as a group are better risks than any insurance company has a right to expect based on general experience factors known to them. The causes for such improved risks would include:

- a. Lower age group.
- b. Higher educational level.
- c. Higher moral standards due to elimination through security checks.
- d. Higher physical standards.
- e. Wide coverage for injury and illness while abroad under provisions of P. L. 110, including in some cases gratuitous treatment furnished on a personal basis by military or other installations.

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A contributing factor toward the attractiveness of CIA as a group is the fact that a substantial portion of the administrative costs of both the existing program and the proposed program would have to be borne by the Agency because of our own security requirements.

4. This office previously suggested that a self-insurance program both in the field of hospitalization and life insurance be undertaken by CIA. That memorandum was dated 11 April 1952 and a copy is attached hereto.

5. In summary, it was our understanding, and we trust others share the same opinion, that the recommended program was not intended as a substitute for an internal program but as an improvement over the existing program pending the most careful study and analysis which a problem of this nature deserves.


Acting General Counsel

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Attachment

OGC/JSW:mb:imm

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ORIGINAL DOCUMENT MISSING PAGE(S):

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